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SERVICE DATE – MAY 1, 2015

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21063

NATIONAL EXPRESS TRANSIT CORPORATION
—ACQUISITION OF CONTROL—
TRANS EXPRESS INC., AND RAINBOW MANAGEMENT SERVICE INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: National Express Transit Corporation (NETC or Applicant) has filed an application under 49 U.S.C. § 14303 to acquire control of Trans Express Inc. (Trans Express) and Rainbow Management Service Inc. (Rainbow) (together, Acquisition Carriers). The Board is tentatively approving and authorizing the transaction and, if no opposing comments are timely filed, this notice will be the final Board action. Persons wishing to oppose the application must follow the rules at 49 C.F.R. §§ 1182.5 and 1182.8.

DATES: Comments must be filed by June 15, 2015. Applicant may file a reply by June 30, 2015. If no comments are filed by June 15, 2015, this notice shall be effective on June 16, 2015.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21063 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Applicant's representative: Andrew K. Light, Scopelitis, Garvin, Light, Hanson & Feary, P.C., Suite 1500, 10 W. Market Street, Indianapolis, IN 46204.

FOR FURTHER INFORMATION CONTACT: Amy Ziehm, (202) 245-0391. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: NETC is an intrastate motor carrier of passengers incorporated under the laws of Delaware. NETC, which does not have interstate authority from the Federal Motor Carrier Safety Administration (FMCSA), is held directly by National Express LLC (NELLC), a Delaware limited liability company. NELLC, in turn, is indirectly controlled by a British corporation, National Express Group, PLC (Express Group). Express Group also indirectly controls the following interstate and intrastate motor carriers of passengers: A&E Transport Services, Inc. (MC-319820); Beck Bus Transportation Corp. (Beck) (MC-43528); Carrier Management Inc. (CMI); Community Transportation Inc. (Community); Durham School Services, L.P. (Durham) (MC-163066); MV Student Transportation Inc. (MV) (MC-148934); National Express Transit Services Corporation (NETSC), Petermann Ltd. (LTD) (MC-364668);

Petermann Northeast LLC (Northeast) (MC-723926); Petermann Northwest LLC (Northwest); Petermann Southwest LLC (Southwest) (MC-644996); Petermann STSA, LLC (STSA) (MC-749360); Vogel Bus Company Inc. (MC-274520); and Stock Transportation Ltd. Of these companies, all but Community and NETSC provide school bus transportation services.¹ Community provides intrastate transit services in Pennsylvania and NETSC provides intrastate transit services in the areas of Westmoreland, Pa., Arlington, Va., Greensboro, N.C., Vallejo, Cal., and Yuma, Ariz. In addition to school bus services, Beck, CMI, Durham, MV, LTD, Northeast, Southwest, and STSA also provide charter passenger services to the public.

The Acquisition Carriers, both motor carriers of passengers, are New York corporations. Trans Express holds interstate authority from FMCSA (MC-187819) and provides point-to-point intrastate passenger service between the Boroughs of Brooklyn and Manhattan in New York, utilizing 40 vehicles consisting of 28 owned buses and 12 trip-leased motor coaches. Rainbow also holds a FMCSA license (MC-490015) and provides interstate and intrastate charter and special party passenger transportation services in New York City and the State of New York and also holds intrastate authority from the New York Department of Transportation. Rainbow utilizes 16 vehicles consisting of one motor coach and 15 mini-buses. Mary Rubino and Christina Rubino hold all of the issued and outstanding stock of the Acquisition Carriers.

Applicant states that the proposed transaction would place the Acquisition Carriers under the control of NETC. The proposed transaction contemplates that NETC would assume 100 percent control of the Acquisition Carriers through stock ownership. Applicant states that after the transaction, the Acquisition Carriers would continue to provide services under the same names, but would be operated within the NETC corporate family. Applicant asserts that NETC is experienced in the passenger service markets already served by NETC and some of its affiliated carriers.

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees. Applicant has submitted information, as required by 49 C.F.R. § 1182.2, including the information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. § 14303(b), and a statement that NETC's aggregate gross operating revenues exceeded \$2 million for the preceding twelve-month period, see 49 U.S.C. § 14303(g).

Applicant submits that the proposed transaction would not have a material, detrimental impact on the adequacy of transportation services to the public, but would improve services to the public. Applicant does not intend to change the operations of the Acquisition Carriers and would operate them within the NETC corporate family, which, it states, would enhance the

¹ The application does not describe the operations of Northwest.

overall viability of the carriers within the corporate family. Applicant anticipates that the proposed transaction would result in operating efficiencies and cost savings derived from economies of scale, which would help ensure adequate service to the public. With respect to fixed charges, Applicant states that there are no fixed charges associated with the proposed transaction. Applicant states that the proposed transaction would not have a substantial impact on employees, as NETC does not anticipate a measurable reduction in force or compensation levels. However, according to Applicant, staffing redundancies could potentially result in limited downsizing of back-office and/or managerial level personnel.

Applicant further asserts that the proposed transaction would not adversely affect competition or the public interest. Applicant claims that the Acquisition Carriers are relatively small carriers in the overall markets in which they compete—intrastate point-to-point passenger service, interstate and intrastate charter passenger service, and special party passenger service. Applicant further states that the affiliated carriers that operate school buses occupy a limited portion of the charter business because the equipment is not as comfortable as motor coaches and the scheduling demands imposed by school bus operations constrains services that could be offered. Applicant asserts that the charter operations offered by NETC and its affiliates are geographically dispersed and there is little overlap in service areas among NETC, its affiliates, and the Acquisition Carriers. Applicant notes the Board's findings in other cases that ease of entry into the motor carrier market results in competition in the motor carrier industry as well as competition from other modes of transportation.

On the basis of the application, the Board finds that the proposed acquisition of control is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings will be deemed vacated, and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 C.F.R. § 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this notice will take effect automatically and will be the final Board action.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV”.

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed vacated.
3. This notice will be effective June 16, 2015, unless opposing comments are filed by June 15, 2015.

4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: April 24, 2015.

By the Board, Acting Chairman Miller and Vice Chairman Begeman.